

107TH CONGRESS  
1ST SESSION

# H. R. 2936

To amend the Internal Revenue Code of 1986 to impose a 20 percent rate of tax on taxable estates and gifts.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 21, 2001

Mr. FROST introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to impose a 20 percent rate of tax on taxable estates and gifts.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Estate Tax Simplifica-  
5       tion Act”.

6       **SEC. 2. 20 PERCENT RATE OF TAX ON ESTATES AND GIFTS.**

7       (a) ESTATE TAX.—Section 2001 of the Internal Rev-  
8       enue Code of 1986 is amended by striking subsections (b),  
9       (c), (d), and (e) and by inserting after subsection (a) the  
10      following new subsection:

1       “(b) COMPUTATION OF TAX.—The tax imposed by  
2 this section shall be the amount equal to the excess (if  
3 any) of—

4               “(1) 20 percent of the sum of—

5                       “(A) the amount of the taxable estate, and

6                       “(B) the amount of the adjusted taxable  
7 gifts, over

8               “(2) the aggregate amount of tax paid under  
9 chapter 12 with respect to gifts made by the dece-  
10 dent after December 31, 1976.

11 For purposes of paragraph (1)(B), the term ‘adjusted tax-  
12 able gifts’ means the total amount of the taxable gifts  
13 (within the meaning of section 2503) made by the dece-  
14 dent after December 31, 1976, other than gifts which are  
15 includible in the gross estate of the decedent.”.

16       (b) GIFT TAX.—

17               (1) IN GENERAL.—Section 2502 of such Code  
18 is amended to read as follows:

19 **“SEC. 2502. RATE OF TAX.**

20       “(a) GENERAL RULE.—The tax imposed by section  
21 2501 for each calendar year shall be an amount equal to  
22 20 percent of the sum of the taxable gifts for such cal-  
23 endar year.

24       “(b) TAX TO BE PAID BY DONOR.—The tax imposed  
25 by section 2501 shall be paid by the donor.”.

1 (2) CONFORMING AMENDMENTS.—

2 (A) Subchapter A of chapter 12 of such  
3 Code is amended by striking section 2504.

4 (B) The table of sections for such sub-  
5 chapter is amended by striking the item relat-  
6 ing to section 2504.

7 (c) CONFORMING AMENDMENTS.—

8 (1) So much of section 2010(c) of such Code as  
9 precedes the table is amended to read as follows:

10 “(c) APPLICABLE CREDIT AMOUNT.—For purposes  
11 of this section, the applicable credit amount is 20 percent  
12 of the applicable exclusion amount determined in accord-  
13 ance with the following table:”.

14 (2) Section 2056A(b)(2) of such Code is  
15 amended by striking subparagraph (B) and redesign-  
16 ating subparagraph (C) as subparagraph (B).

17 (3) Subsection (b) of section 2101 of such Code  
18 is amended to read as follows:

19 “(b) COMPUTATION OF TAX.—The tax imposed by  
20 this section shall be the amount equal to the excess (if  
21 any) of—

22 “(1) the 20 percent of the sum of—

23 “(A) the amount of the taxable estate, and

24 “(B) the amount of the adjusted taxable  
25 gifts, over

1           “(2) the aggregate amount of tax paid under  
2       chapter 12 with respect to gifts made by the dece-  
3       dent after December 31, 1976.”.

4           (4) Section 6601(j)(2)(A)(i) of such Code is  
5       amended by striking “tentative tax which would be  
6       determined under the rate schedule set forth in sec-  
7       tion 2001(c) if the amount with respect to which  
8       such tentative tax” and inserting “tax which would  
9       be determined under section 2001(b)(1) if the  
10      amount with respect to which such tax”.

11          (5) Section 511 (and the amendments made by  
12      such section) of the Economic Growth and Tax Re-  
13      lief Reconciliation Act of 2001, other than sub-  
14      section (e) thereof and so much of subsection (f)(3)  
15      thereof as applies to such subsection (e), is hereby  
16      repealed and the Internal Revenue Code of 1986  
17      shall be applied and administered as if such section  
18      had never been enacted.

19          (d) EFFECTIVE DATE.—The amendments made by  
20      this section shall apply to the estates of decedents dying,  
21      and gifts made, after December 31, 2001.

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